



WHAT YOUR BASE PLAN BENEFICIARY SHOULD KNOW

When a loved one passes on, the people left behind are often overwhelmed and are rarely prepared to deal with practical matters. You can make things easier by communicating with your loved ones now, and by explaining your Base Plan benefits to your beneficiary.

Beneficiary vs. Contingent Annuitant

A beneficiary is a person or persons named by you to receive a benefit at the time of your death. A Contingent Annuitant (CA) is the person designated by you under certain retirement options to receive a monthly allowance upon your death. Although your beneficiary and CA can be the same person, they don't have to be the same.

Keep Your Beneficiary Designation Current

If you keep your beneficiary designation current, it can help avoid legal problems and prevent delays in paying a PERSI lump sum death benefit. Beneficiary Designation forms are available on the PERSI Web site at www.persi.idaho.gov under the Forms tab on the home page. The form can also be requested by calling the PERSI Answer Center at (208) 334-3365 in the Boise area or 1(800) 451-8228 from other parts of the state. PERSI recommends you review your beneficiary designation annually and whenever you have a life event change such as a marriage or divorce.

Notify PERSI If There's A Death

When a retiree dies, PERSI should be notified as soon as possible so benefit payments don't go out that might have to be returned later. Retirees are paid at the first of the month for the current month. Regardless of when the member dies during the month, the payment from the first of that month belongs to the member. Payments made after the member's death, however, must be repaid to PERSI — which could create a hardship. (The exception to

this includes retirees covered under the Firefighters' Retirement Fund (FRF), the Teachers' Retirement Fund, the Boise Police, and the Idaho Falls Police who get paid at the end of the month for that month and only through the date of death. There are also different rules for beneficiaries under the FRF.)

Determining If A Benefit Is Due

Once notified of a death, PERSI will check to see what benefits if any are due. Besides a beneficiary benefit, PERSI will check on other survivor benefits including contingent annuitant and National Conference on Public Employee Retirement Systems (NCPERS) insurance benefits.

Regardless of the option you selected at retirement, your beneficiary will receive a death benefit if both you and your CA die, and the total retirement payments to both have not exceeded the total employee contributions and interest. Generally, if you have been retired for 3 or 4 years there's no money left in your account; therefore, no death benefit payment would be made to your beneficiary.

If your designated beneficiary is eligible for a benefit, PERSI will mail the necessary forms to them. The forms will explain what they need to do and what documents might be needed to process a payment. It will be helpful if your beneficiary and family members know where to find your will and other important papers.

No one likes to think about death, but eventually we all will have to deal with it. Financial and legal issues may be overwhelming, but can be made a little easier if you take time to explain what your beneficiary should do upon your death.

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Insights

The Benefits of Direct Deposit

Direct deposit is faster, safer, and more convenient than getting a check in the mail. Despite these advantages, many PERSI retirees still wait each month to receive their check by mail. Using direct deposit to put your retirement benefit check into your bank account can save you time and it's safe. If you're already using direct deposit, then you know the advantages. If you're not using it, the following information may help you understand the benefits of getting started.

How Does Direct Deposit Work?

Direct deposit is an electronic deposit to your account from a third party (such as PERSI) which is prearranged by you. It is most commonly used for Social Security and pension payments if you're retired, and payroll if you're working.

Is My Money Safe?

Direct Deposit is confidential. Money transferred electronically passes through fewer hands than a paper check, making it very safe.

What If There's An Error With My Deposit?

Very few errors occur with direct deposits. If an error does occur, it may be quickly corrected electronically unlike with a check that may require a stop payment, fraud investigation, or other processes before a replacement check can be issued. If an error should occur with your PERSI direct deposit, a check is immediately issued when the bank notifies PERSI of a problem.

When Will My Money Be Available?

Direct deposit speeds up the deposit process, giving you quicker access to your money. With direct deposit, the funds are usually available the morning of the same day the warrant is issued.

What Does It Cost?

PERSI doesn't charge anything for this convenience. Most financial institutions do not charge for direct deposit either. Some do require a minimum balance, however. You should check with your financial institution.

Many Advantages

Safety - You don't have to be concerned about your check being lost or stolen.

Speed - If your PERSI check is lost, it can take as long as 2 weeks to replace it. The PERSI reissuing process doesn't start until 10 days after a check is reported as not being received. You must sign an affidavit saying you didn't receive a check before a new one can be issued. Two weeks is a long time to wait for what might be your primary source of income.

Convenience - You won't have to go to your bank to deposit your check...and that means your time won't be spent driving through traffic and waiting in a bank line.

Peace of Mind - If you are unable to get to the bank for any reason such as illness or vacation, your money will automatically go into your account.

Free - There's usually no cost involved with direct deposit.

How To Get Started

To have your PERSI retirement benefit check deposited directly into your bank account, simply complete a Direct Deposit Authorization form RS-448. It is available on the PERSI Web site at www.persi.idaho.gov under the Forms tab on the home page. The form can be submitted online using an electronic signature or by mailing a signed form to PERSI. Either way, PERSI will need your financial institution's routing number, your account number, and your signature authorizing the direct deposit. If you mail the form back to PERSI, include a voided check. Complete instructions are on the form.

It may take up to 30 days for the direct deposit to go into effect after you've submitted the necessary paperwork. If you ever change financial institutions, you'll need to complete a new RS-448 form and provide the new routing and account numbers. It is highly recommended you keep your old account open until your new financial institution receives your first deposit.

So the next time you're standing in line at the bank, consider the ease and convenience of direct deposit.

Required Minimum Distributions Begin At Age 70½

When you turn 70½, you reach an important milestone in your financial life. Under federal law, you are required to begin withdrawing an annual amount from your Choice Plan 401(k) or other retirement accounts and pay taxes on the amounts withdrawn. Even if you have already begun taking distributions from your retirement accounts, you will now be required to withdraw a certain minimum from them each year.

The Required Minimum Distribution (RMD) is based on two factors:

- Your account's fair market value at the close of the previous calendar year, and
- A "life expectancy factor" provided by the IRS (Publication 590). The RMD table identifies the life expectancy factor used to distribute all the assets in your accounts over your life expectancy.

[Exception: If your sole primary beneficiary is your spouse and he/she is more than 10 years your junior, you may use the joint life expectancy table. This will allow for smaller RMDs and your account to be distributed over a longer period. See IRS Publication 590.]

Two important things to remember about Required Minimum Distributions:

(1) While there are required minimum distributions, you have the option of taking larger distributions.

(2) If you fail to receive at least the required minimum distribution amount, you will be subject to a 50 percent excess accumulations tax on the shortfall amount.

You must take your first withdrawal by April 1 of the year following the year you reach 70½. By waiting, you might end up with two withdrawals in the same year.

You would be taking the required distribution from the previous year when you actually turned 70½ and an additional distribution by December 31 for the current year. This could significantly impact your taxes.

To calculate your minimum distribution, simply divide your account balance by the distribution period. Let's assume you have an account balance of \$80,000. You can see on the table below that at age 70 your distribution period is 27.4 years. $\$80,000 \div 27.4 = \$2,919.70$. This is the amount you must withdraw during the year. You can elect how you wish to distribute that amount – one lump sum or in monthly or quarterly installments. No matter how you take it, make sure it's taken on time so you aren't penalized by the IRS.

Required Minimum Distribution Table

Retiree Age	Distribution Period (Years)	Retiree Age	Distribution Period (Years)
70	27.4	86	14.1
71	26.5	87	13.4
72	25.6	88	12.7
73	24.7	89	12.0
74	23.8	90	11.4
75	22.9	91	10.8
76	22.0	92	10.2
77	21.2	93	9.6
78	20.3	94	9.1
79	19.5	95	8.6
80	18.7	96	8.1
81	17.9	97	7.6
82	17.1	98	7.1
83	16.3	99	6.7
84	15.5	100	6.3
85	14.8	101	5.9

OPTING OUT OF CREDIT CARD OFFERS

If you're tired of being barraged by unsolicited credit card offers, relief is available. The Consumer Credit Reporting Industry offers an "Opt Out" program that asks banks to stop sending you offers. To utilize the free "Opt Out" service, call toll-free 1-888-567-8688 or log on to www.OptOutPrescreen.com. You will be asked to provide your name, address, Social Security number, and date of birth.

It's common for identity thieves to use credit card applications to get personal information and to obtain new credit cards in someone else's name. By opting out, you may minimize your risk.

If you ever change your mind and want to "opt in," simply call or log on and change your selection.

RETIREE
PERSpectives
Public Employee Retirement System of Idaho

PERSpectives is published for members of
the Public Employee Retirement System of Idaho
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PERSI INVESTMENT NEWS

*as of March 25, 2007**

Value of the Fund:

\$10,921,691,012

Fiscal Year Change in Market Value:

\$1,330,400,004

Fiscal Year-to-Date Returns:

14.0%

Month-to-Date Returns:

1.5%

*Posted monthly on PERSI Web site: www.persi.idaho.gov



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